

F A R E A S T O N E

遠傳

Mobile · Broadband · Media · International Service

4904 (TWSE)

2013 1H Investor Update

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Agenda



I. Market Overview

II. 2013 1H Performance

III. Business Update



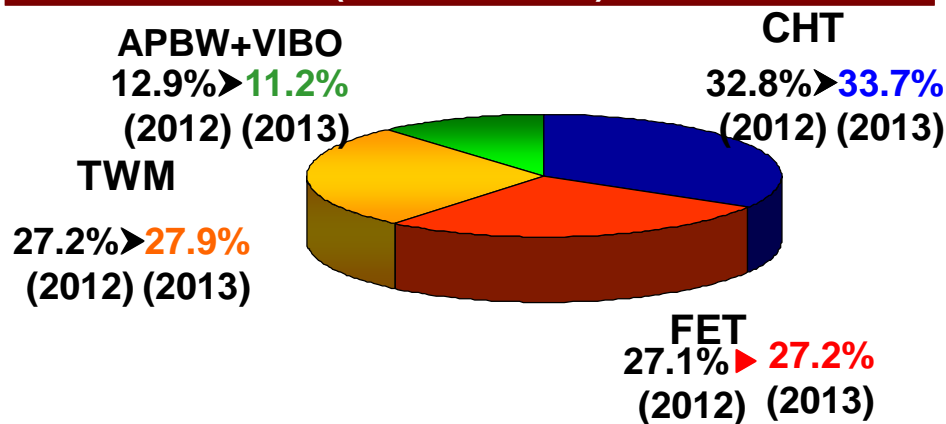
Taiwan Mobile Market

Market Dynamic

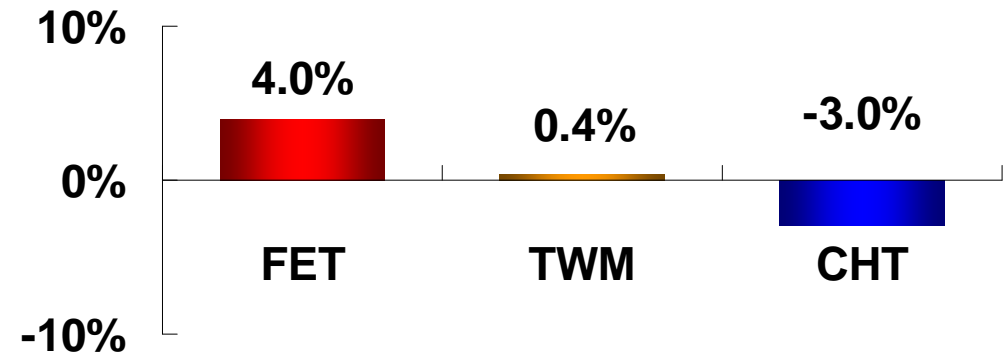
Market Update

- In 1H13, despite negative Impact from MTR, FET continued growing with...
- ✓ **Mobile Service Rev up 3.2% YoY**
- ✓ **Mobile Data Rev up 30.7% YoY**
- Overall mobile competitive landscape remains quite stable

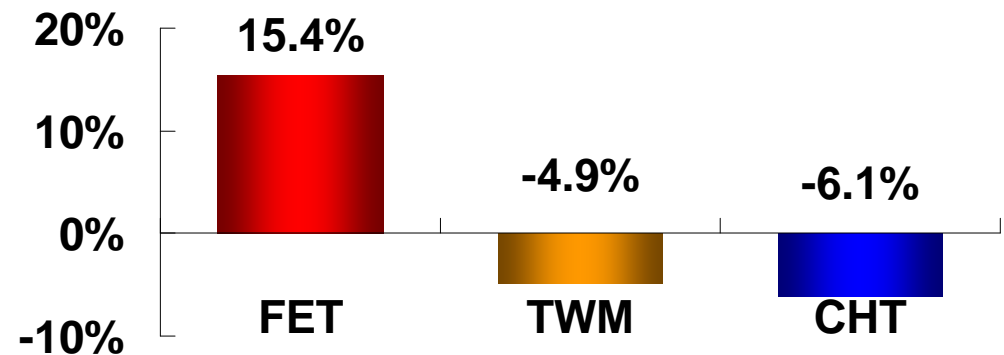
Mobile Service Rev Share Change (1H13 vs. 1H12)



EBITDA Growth (1H13 vs. 1H12)



Net Income Growth (1H13 vs. 1H12)



Source: operators' factsheets and NCC stats



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II. 2013 1H Performance

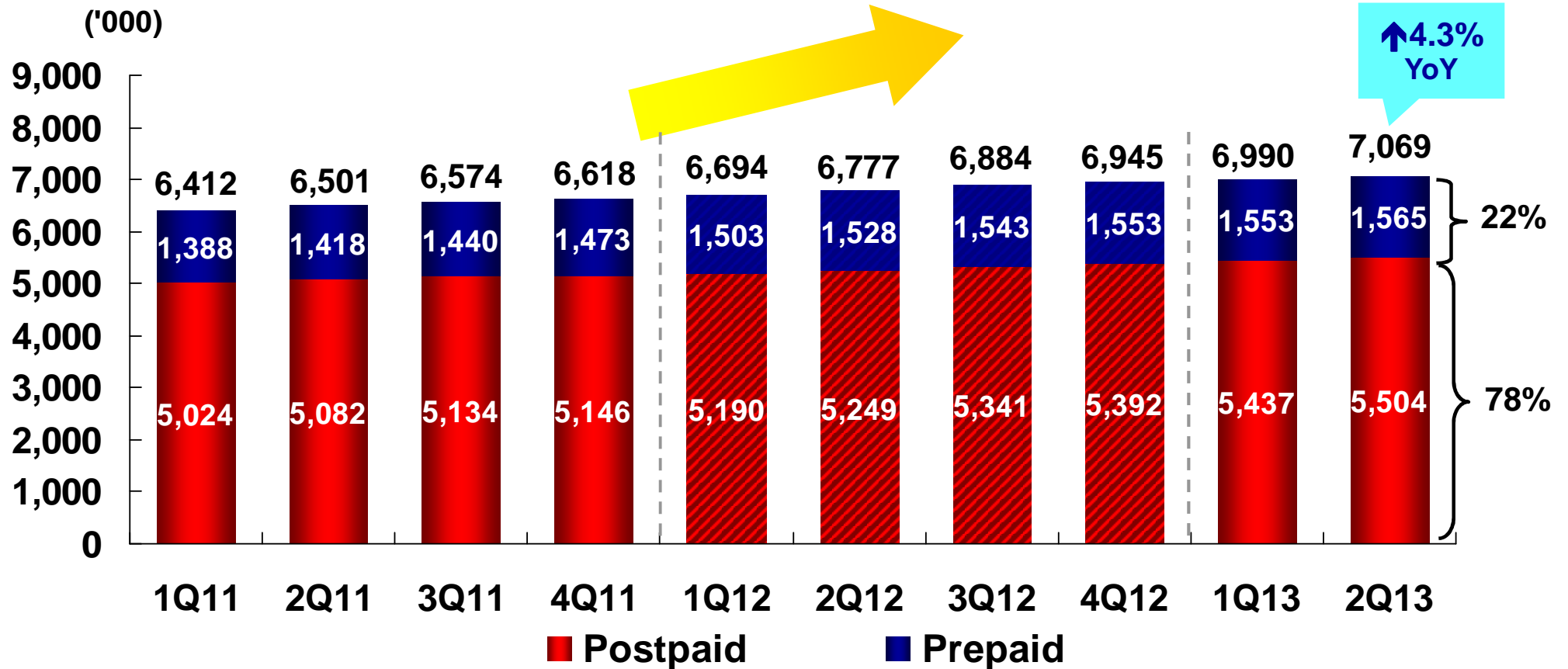
III. Business Update



Operational Performance

Increasing Subs

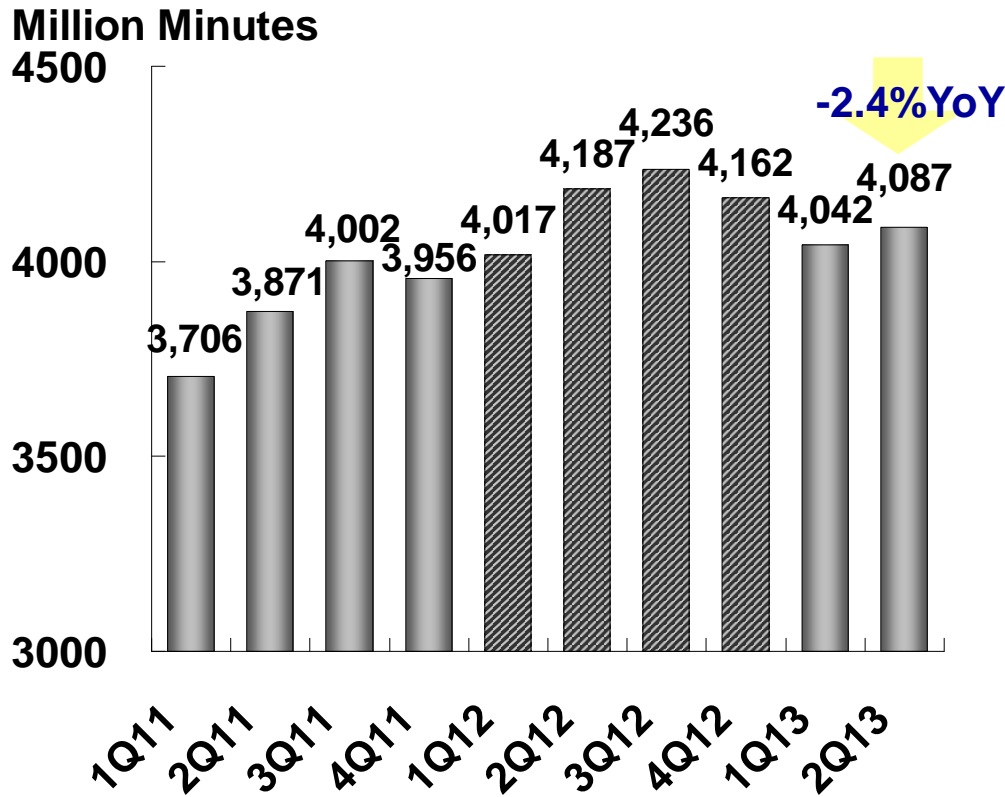
Total Subscribers – continue to grow for 38 consecutive months



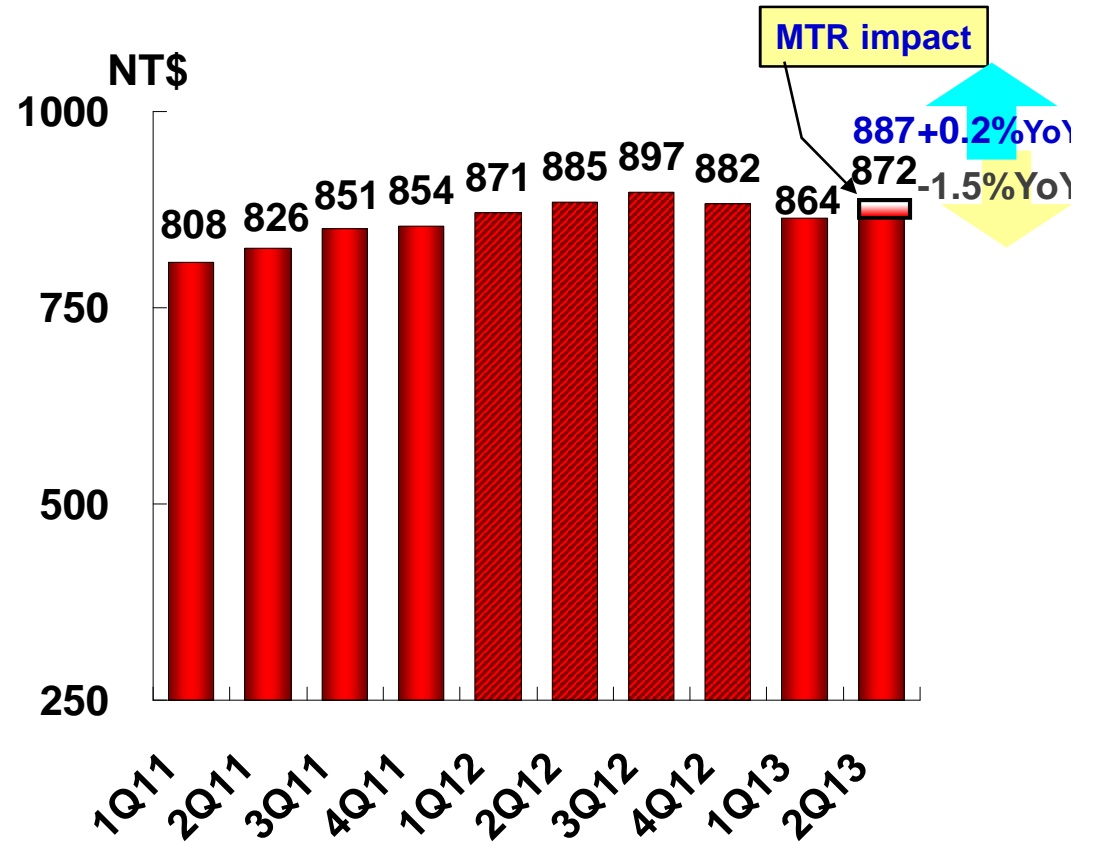
Operational Performance

MOU and ARPU

Postpaid Minutes of Use



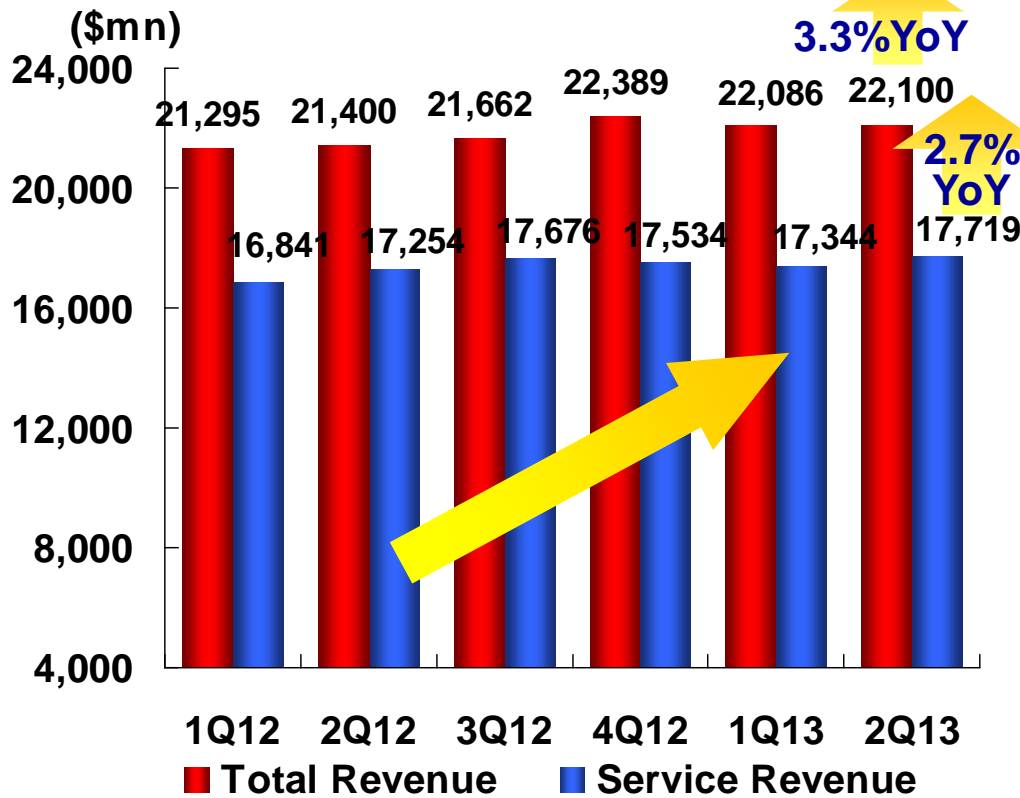
FET's Postpaid ARPU



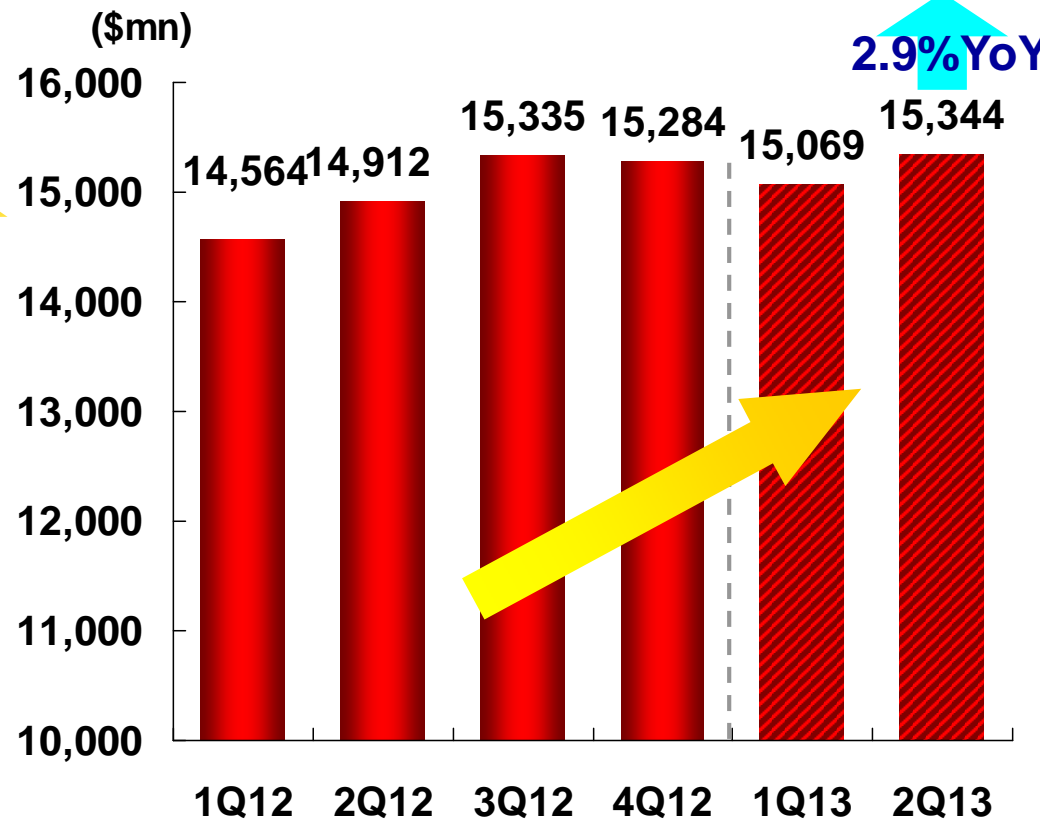
Financial Performance

Top Lines continue growing

Consolidated Revenue (1)



Mobile Service Revenue



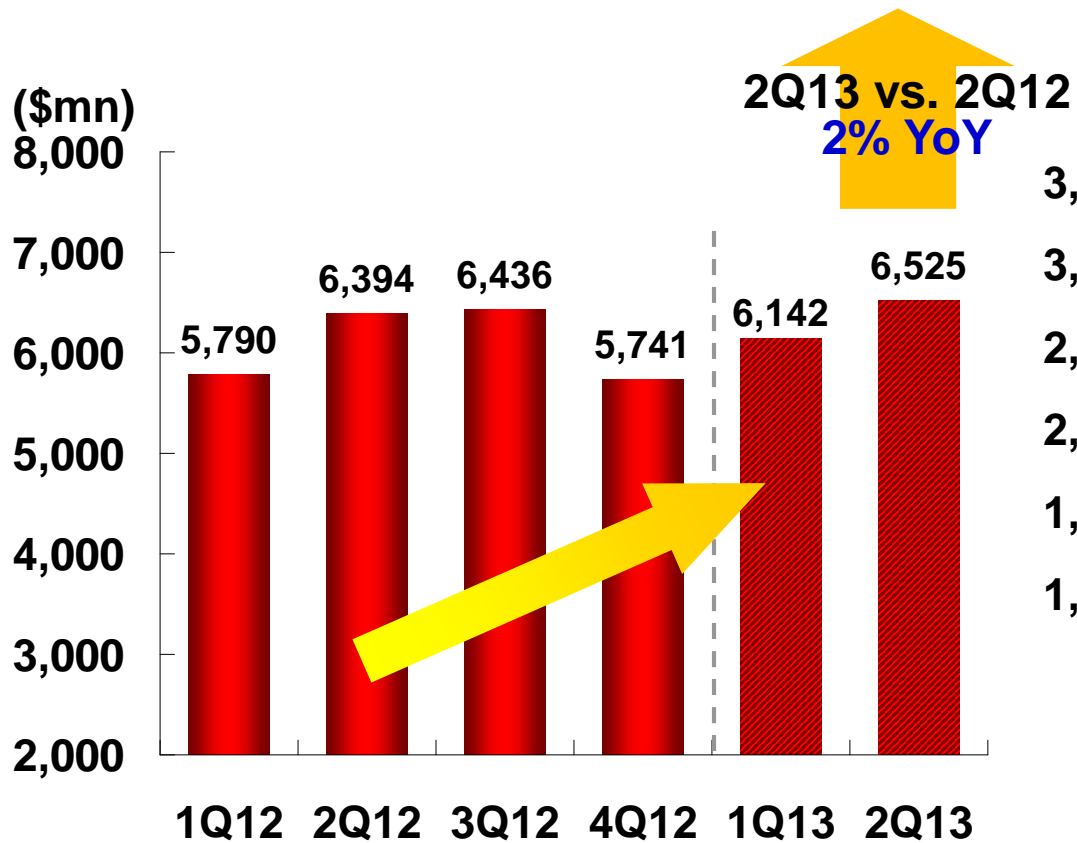
Note: (1) Consolidated financials started to include NCIC and DataExpress numbers from Aug 17, 2010 and Dec 1, 2010, respectively.



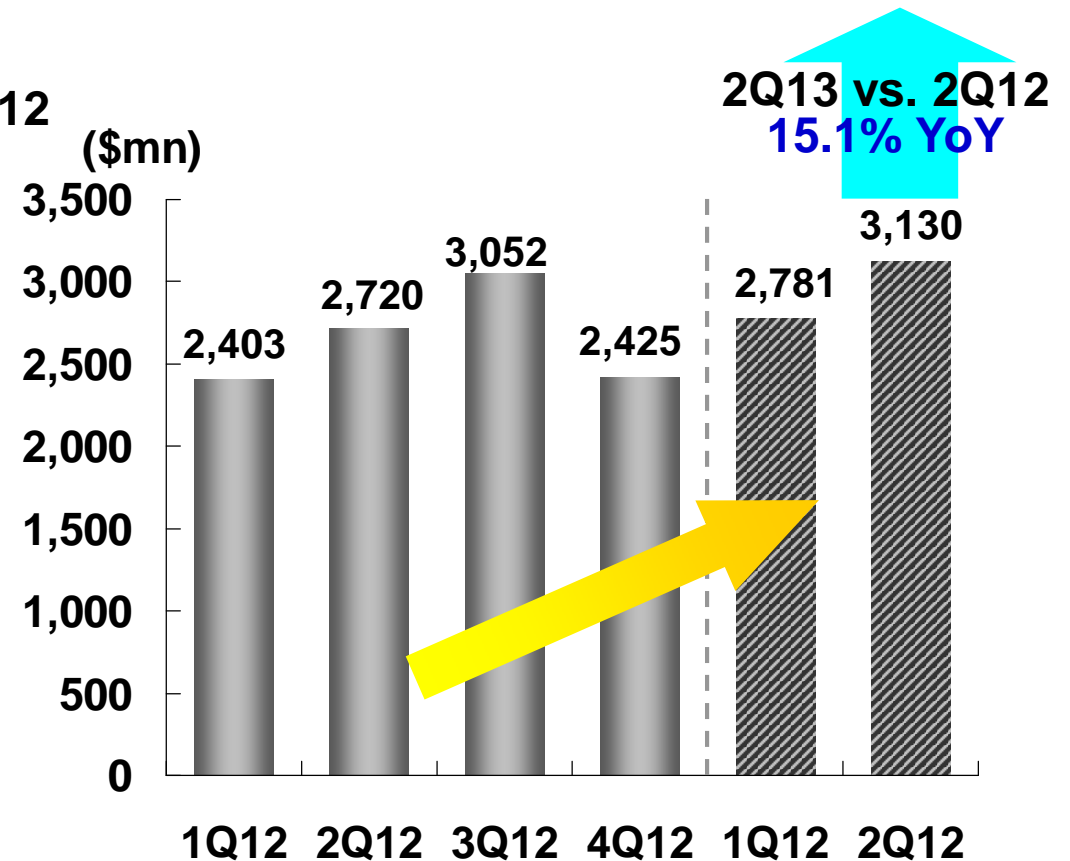
Financial Performance

Profitability Increasing Further

Consolidated EBITDA



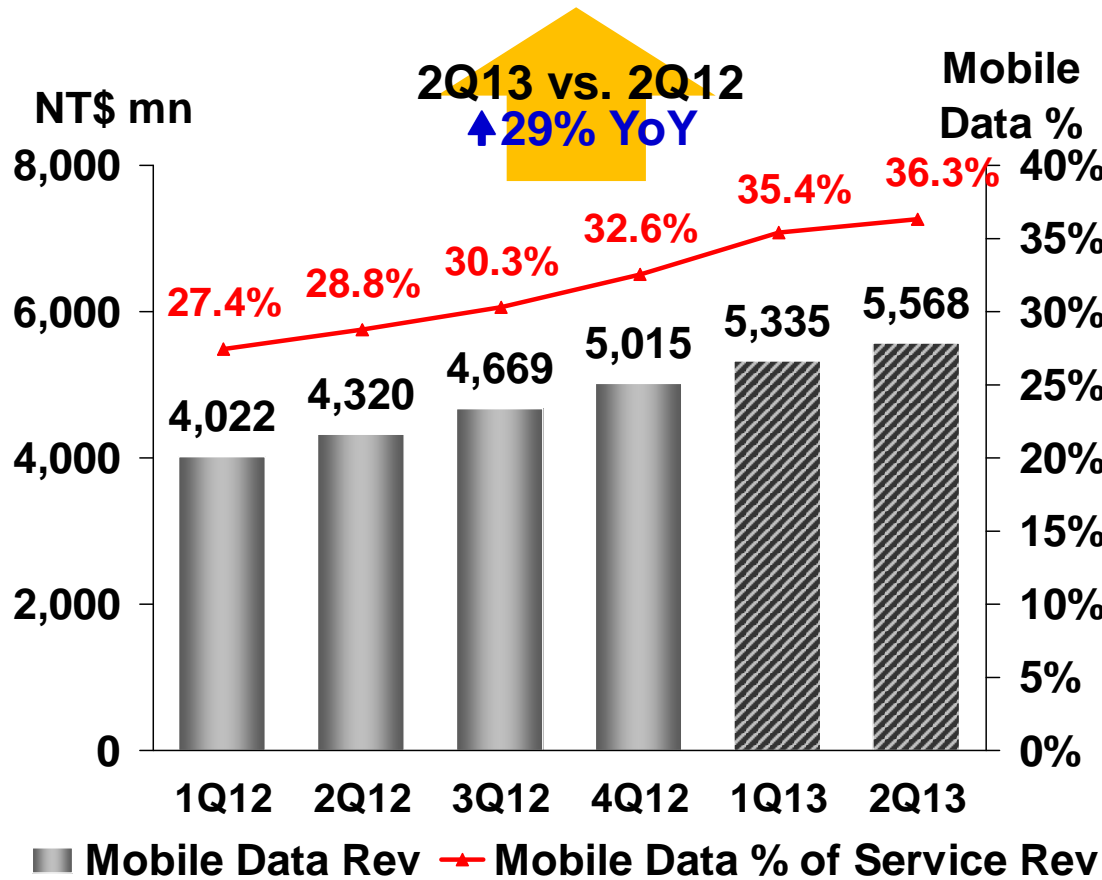
Net Income



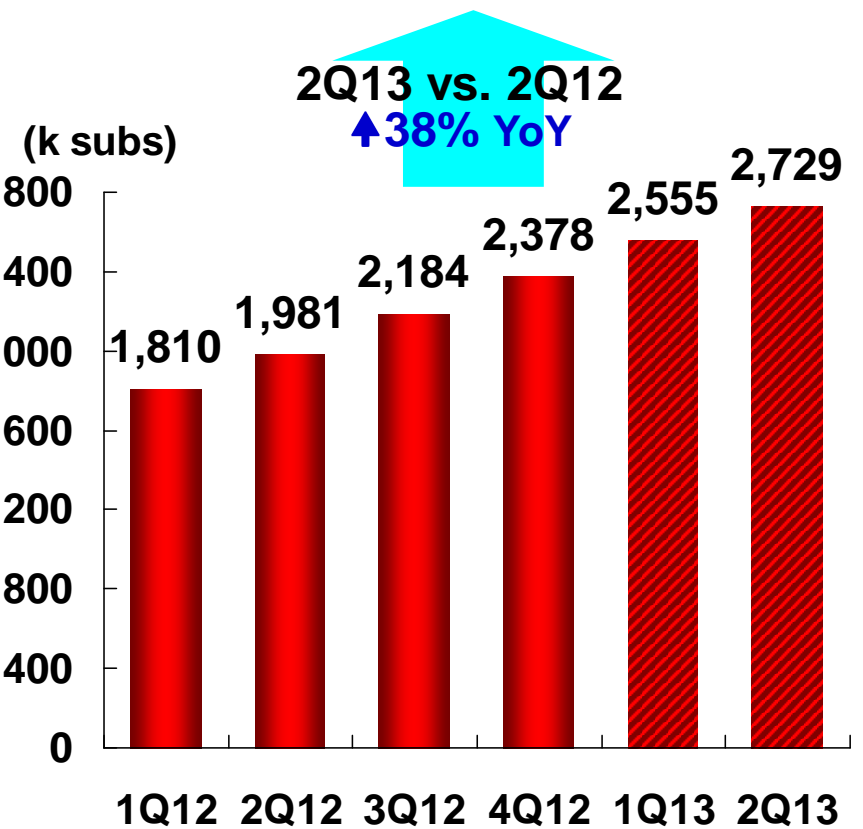
Mobile Data Performance

Accelerated Mobile Data Growth

FET Mobile Data Growth



Data Service* Subscriber Growth



* Data Service includes smartphone related data rate plans and datacard, broadband, GPS related products



Consolidated Financial Achievement

Actual vs. Forecast

Item Unit: NT\$ mn, except for EPS	1H13 Actual	1H12 Actual	YoY %	1H13 Forecast	Achieve- ment %
▶ Total Revenue	44,186	42,695	↑3%	43,649	101%
▶ Service Revenue	35,063	34,112	↑3%	35,120	100%
▶ EBITDA	12,666	12,183	↑4%	12,376	102%
▶ Net Income	5,911	5,123	↑15%	5,497	108%
▶ EPS ⁽¹⁾	<u>\$1.81</u>	<u>\$1.57</u>	↑15%	<u>\$1.68</u>	108%

Source: Company Data

(1) EPS was based on current outstanding shares of 3,258,501K

Consolidated Financial 2Q13 Financial Stats

(NT\$ mm unless otherwise stated)

	As of 2Q13	As of 1Q13
Cash & Cash Equivalents	21,474	13,048
Available-for-Sale Financial Assets & Derivatives	2,820	2,719
Total Borrowing	1,200	1,217
Net Cash*	18,104	14,550
Shareholders' Equity	67,871	76,182
Debt/Capitalization Ratio		
— Gross (%)	8.4%	1.6%
— Net (%)	—	—
Free Cashflows – YTD**	5,437	1,437
Cash-based Capex – YTD	5,092	2,904
EPS(NT\$) – YTD	<u>\$1.81</u>	<u>\$0.85</u>

* Net Cash = Cash and Cash Equivalent + Available-for-Sale Financial Assets & Derivatives – Total Borrowing

** Free Cashflows = Operating Cash flow - acquisition of fixed-asset & intangible asset

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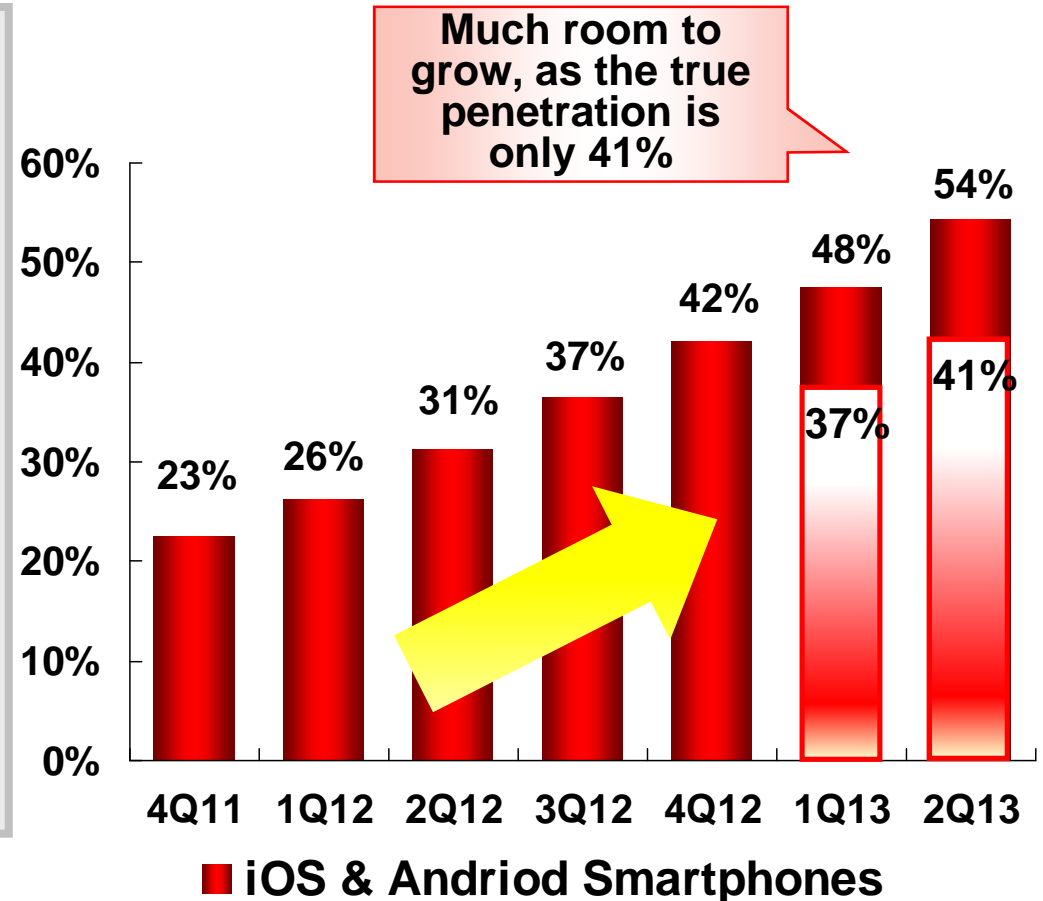
Smart Device Statistics

Strong Data Growth driven by Smart Devices Uptake

Some Statistics

- ▶ Smart devices (smartphones + tablets) accounted **91%** of total new devices sold in 2Q13
- ▶ **54%** of our postpaid subscribers now are holding smartphone devices, while only **40.6%** of our postpaid subscribers are actually with data rate plans;
- ▶ APRU:
 ARPU of average smartphone user with data rate plan is **around \$1500**

Smartphone Penetration* (%)



* Smartphone penetration means iOS, Android & WM8 smartphone users as % of total postpaid subs excluding data only subs

2013 Q2

20+ Awards and Recognitions

- ▶ **2013 Mar & Jun** **Granted 7 awards including *Asia's Best CEO, Asia's Best CFO, Best IR Website / Promotion, Best IR by Company, Best IR Professional, Outstanding Companies on Corporate Governance and Asian Corporate Director* by Corporate Governance Asia Magazine**
- ▶ **2013 May** **Laurelled 6 awards including *Best Managed Companies, Best Corporate Governance, Best IR, Best CSR, Most Committed to a Strong Dividend Policy and Best CEO/President* in Finance Asia's Best Companies Awards 2013 – TAIWAN**
- ▶ **2013 Jun** **Obtained 'Information Transparency and Disclosure Rankings' with "*Grade A++*"**
- ▶ **2013 Jun** **Awarded *Best IR Company and Best Investor Relations Professional* by Institutional Investor**
- ▶ **And more...**



Q & A

For Further Information:

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